

APPROVED November 19, 2008

The meeting was called to order at 7:07 PM by Chairman Charles Kimball. Present were Andy Kohlhofer, Michael Nygren, Rich Violette, Pat Martel, Doug McElroy, School Representative Peg Pinkham, Town Administrator Heidi Carlson and Recording Secretary Jeanne Nygren.

School Board Members present were Marion Guidoboni, Deborah Genthner, and Chris Kenneway. Other members of the public present were Pat Kelly, Wendy Downing, Cathy Toomey and Gail Miller. Attorney Kathy Peahl was at tonight's meeting to discuss the warrant article regarding the contract negotiations for the paraprofessionals.

Pinkham asked if there is a severe difference in what was proposed and what was not supported from last year to this year and is this separated out.

Peahl started by stating there were four areas that were renegotiated. First was the duration of the contract. The contract was extended to June 30, 2013 and they traded Presidents Day for the day after Thanksgiving, which is a non-cost item. They made changes to health insurance by delaying the eligibility for health insurance. They staggered the eligibility on the length of service and in the final two years of this contract they increase premium contribution by employee by 1 percent. They also added a study committee to look at and evaluate the health insurance plan and make sure this is the most competitive as far as value and price. The fourth item was the wages.

In regard to the wages there is no retroactivity for the current year, 2008-2009 the employee is on the same step with no retroactive payment. For 09-10 year the employee will take two steps on the salary schedule, to make them whole on the salary schedule so they don't fall behind on the placement of their schedule. There is no cost of living adjustment, which will make then two years with no COLA increase. For the year 2010-2011 they would receive a 2 percent COLA adjustment on the entire schedule plus they would get their one step based upon experience.

Nygren asked on the spreadsheet she passed out, looking at the 2010-2011 could be some place between 5.5 to 6.5 percent with the cost of living. Peahl said with the cost of living at 2.5 percent it could be about 5.5 percent as the steps are about 3 percent. Nygren asked what the 3.5 percent is on the spreadsheet on 2010-2011. Peahl said that includes the cost of living but wasn't sure. Pinkham said if they don't have the information then she needs to get back to the Budget Committee. Peahl explained the 2.5 percent that she speaks as the cost of living is the agreement made in this contract as the figure to use for cost of living. She said it was agreed to that there is a percentage adjustment to the salary schedule itself, so each step on that scale is adjusted by a factor of 2.5 percent. Every employee moves one step on that schedule. The employees at the top of the scale will receive a \$750.00 bonus as a check.

Kohlhofer asked why is health insurance cost almost doubling? Reahl said that is because they staggered the eligibility of employees to get benefits. In the first year you have to have five years of service before you could be eligible to participate in that benefit, they staggered it to three and then to one, leaving it at one so that any new employee is not eligible. You have to work for one full year before becoming eligible. They used a conservative figure of 15 percent as insurance cost, which could end up being less.

Peahl asked to finish the wage issue and its components before going on to the health insurance. Looking at the spreadsheet in fiscal years 2011-2012 and 2012-2013 are new and not put to the voters last year, it only went up to 2010-2011.

Martel asked about the staffing levels, and is the staffing still the same. There was no change in custodial staff, Pinkham said, there are two full time custodians and one part-time. The part time custodian was out for a period of time. Reahl also said the salary schedules are in the back of their sheet package per the Collective Bargaining Agreement. This summarizes the changes in respect to the wages in this contract. Within these categories of employees, it is difficult to attract qualified employees.

Peahl said then going on to health insurance which is the biggest cost in the first year. This is a new benefit offered to these employees compared to where they are right now. There were not a lot of changes from the March 2008 proposal. They increased the employees cost. They are not highly paid employees and they take these jobs to get benefits. In order for the District to get qualified employees and being an issue to the District to retain these employees and for that reason it was felt this was the time to add this benefit to this group of employees. Both sides negotiated to spread the cost as best over the life of the contract. The first year is going to result in an increase to the cost to the District. The benefit being offered is the ability to participate in Matthew Thornton which is the cheapest plan. The other option to take Blue Choice or BC JY plan. The District is only paying 89 percent of the single plan.

Kohlhofer asked how many are left in from the last year. Peahl said to apply for these positions they have to have teacher's certification. Pinkham spoke regarding the qualifications that have risen for these employees, hiring and keeping these employees.

Kohlhofer spoke about his concern that this is a big expense, and it was voted down last year and with taxes going up 10 percent this year, this will be a big burden to the people. The contract wages alone are a 20 percent increase in 5 years time, that doesn't include the health insurance and we have not even talked about the teacher's contract. He also said this could be probably at 25 percent to 40 percent increase between wages, salaries and benefits. Kohlhofer also said that because of the length of contract, they are locking into this. If Matthew Thornton goes up 25 percent in a year, then we are stuck with this and locking into a single health care provider we can't look for alternatives. There needs to be flexibility to providing these benefits.

Peahl said there is a committee that is made up of representatives from the teacher's union and support staff union that can go back to the Board. Unfortunately you are dealing with a Collective Bargaining Agreement that is negotiated with the union. You don't have the authority to dictate what you want, that is the reality of a Collective Bargaining Agreement.

Kohlhofer asked once presentations are made then the Board can vote on these recommendations and they can actually change, then what happens? Peahl said if both sides agree then the contract could be changed if that was the recommendation. The committee will work together and come up with a recommendation and the Board will act on that.

Nygren said that the figures they use to project the health costs come to approximately 15 percent a year. Looking at the spreadsheet and year 4 to year 5 doesn't come close to 15 percent. Peahl said part of that is offset by the employee who has to pay an increase. Nygren feels the

employee's contribution is minimal compared to their raises and benefit package. When do you get to a point you can't afford to pay this anymore. He feels this contract is going to be very hard to sell to the Town. He understands this is what is agreed with the union. Maybe it is best to get up from the table and have an arbitrator decide because you are broke and just can't afford it. Kenneway spoke that she didn't think this was true in New Hampshire.

There was a discussion by the Chairperson Kimball as to who could speak to the Board. It was decided as long as they acknowledged themselves the additional people present could address the Board. Guidoboni commented on the justification and to consider that the State holds them liable for the children, if they can't do this in house, it then goes out of District which becomes a higher cost to the District. We are also talking about children up until age 21, and to keep this process in District would end up cheaper for the District.

Nygren said he is not against paying people, but his first concern is what the taxpayers can afford. He would hate to see the contract voted down because of the percentage increase in the employee's pay. There are only so many dollars coming from the Town. A lot of private industry that used to pay 100 percent for employees are now making the employee pay 40 percent. He thinks because of the cost it is

going to be hard to convince the Town's people. Telling people there is a 4 percent increase is hard for people who are loosing their homes to understand.

Kohlhofer said he appreciated their hard work and that they have a committee to look at health insurance and that they gave up the COLA raise. This is a lot better than last year but he also is looking at the perspective of the Town taxes delinquencies, decrease in current use and the money that the Town is owed right now.

Peahl said her job here is to explain what was done and to ask for their support. The employees came back to the table and made concessions to put before the voters and the Budget Committee has to do their job.

Kenneway said a number of the employees in this contract also live in this Town.

The Budget Committee is also concerned about the moving of monies from one line to another. Can we by consensus take a vote not to move any money out of line item? Kenneway said you can take money not used on health insurance and put into a special warrant article so it can't be spent on anything else.

Peahl said when presenting this contract to the voters if there is a way for the School Board that they can guarantee to the voters if there is excess money budgeted for the health insurance premium, that money won't be used someplace else, it will be returned to the voters.

Kohlhofer said we have to see the whole school budget and no decision will be made until they are done with everything and if they will support this contract.

Pinkham asked what percent would be acceptable to the Budget Committee. Kohlhofer replied with zero tax impact. When looking at revenues he feels they may decline.

Peahl was thanked by the Budget Committee and left the meeting at 8:30 PM with the School Board members and other attendees.

Nygren called for a short break while the school members left. Kimball called the meeting back into order at 8:35 PM.

At 8:35 PM Town Administrator Heidi Carlson came into the meeting to start on the Town budget and asked about upcoming meetings scheduled. Pinkham said the Dec 6, 2008 meeting is on for 9:00 AM and scheduled for the whole day with the School Board and Budget Committee. Carlson also posted the Dec 3, 2008 meeting for the Budget Committee. Violette asked when the school budget will be available. Pinkham said she should have it to everyone by November 25. Pinkham said it is hard to be accurately projecting through till the end of July. Pinkham thought that on December 3, maybe the Budget Committee could put forth some questions. Pinkham said the Budget Committee could also send questions available to get ready for the meeting on December 6.

4130 EXECUTIVE - Selectmen's Office Portion

005 Selectmen Salary **\$ 9,500**

Chair \$3,500; 2 Members at \$3,000 each.

008 Welfare Director **\$ 3,000**

Welfare Director or intake worker paid on an hourly basis for admin and intake time. Budgeted at average of 4-6 hours per week, consistent with current caseload.

009 Service Agreements **\$ 1,925**

NEMRC accounting support \$1,050; Copy Machine \$875 – estimate from Copy connection based on annual usage of 70,000 copies.

010 Mileage**\$ 425**

Conferences, town business, budgeted rate \$0.48/mile. Covers Selectmen and Selectmen's Office staff.

015 Town Admin & Selectmen's Clerk**\$ 80,000**

Town Admin Salary at (16/14) \$57,272/annual. Clerical assistance to cover 30 hours per week plus 60 hours to cover TA vacation time. Board continues to work on placement of this position in the new wage matrix.

023 Postage & Envelopes**\$ 1,750**

Annual bulk mail permits \$200; stamps for envelopes, bills & all correspondence of Selectmen's Office; PO Box rent \$50/annual (estimated amount, postage increasing again May 2009).

025 Office Supplies**\$ 1,500**

Copy paper; copier toner; pens, legal pads, etc; name plates; stationary; business cards; general office supplies

026 Computer Supplies**\$ 900**

PR and AP checks \$350; W-2 and 1099 forms \$50; disks, paper, printer ribbons and cartridges \$500

027 Office Equipment**\$ 200**

allowance for repair/replacement as needed

030 Reference and Law Books**\$ 350**

Annual RSA Updates

035 Dues / Conferences / Training**\$ 500**

NHMA conference \$30; NHGFOA budget workshop \$25; NHMA law lectures \$20/ea; DRA workshops, BMSI and NEMRC computer trainings; other trainings that become available during the year; would like to be able to send office staff to additional training.

037 Advertising**\$ 450**

General advertising (sale by sealed bids, public hearings, employment etc) which occurs during the year. Reduced based on using the Town's website for as much as possible.

700 Community Newsletter**\$ 6,920**

Includes 1600 issues printed and mailed twelve times per year; Postage \$310 per issue (\$3,720); printing \$220 for single issues (8 annually) and \$360 for double issues (4 annually) \$3,200

4194 GENERAL GOVERNMENT BUILDINGS**001 Telephones****\$ 5,000**

Town Hall telephone and fax lines (BI, PB, Selectmen's Offices, Tax Collector & Clerk usage); covers cable internet hookup and email for all town offices (\$1,260 annual)

002 Electricity**\$ 3,750**

Town Hall annual usage, estimated on past history.

003 Gas Oil & Furnace Repairs**\$ 6,000**

Includes yearly cleanings, oil, propane, and repairs. Bid oil price through July 1, 2009 is \$2.99 per gallon with fallback to \$2.50/gal. Town Hall annual usage is approximately 1800 gallons.

005 Custodial Supplies**\$ 400**

Includes all consumable cleaning supplies and paper products

007 Repairs & Maintenance - Town Hall**\$ 4,000**

Inspection of fire extinguishers; cleaning of carpets; monthly alarm monitoring \$300; general maintenance, repairs & upkeep; pest control (ants, etc); painting

008 Repairs & Maintenance - Meeting House**\$ 10,500**

Inspection of fire extinguishers \$30; general maintenance and upkeep; pest control; repainting of exterior (\$10,000 estimate)

011 Historic Museum**\$ 500**

(Museum located at 8 Beede Hill Road) electricity and fuel utilities annualized (reimbursed by the Historical Society); consider painting of exterior.

013 Tax Deeded Properties**\$ 300**

This line maintained in the event the Town has to take a property for taxes. Funds used to secure any such property, pay utility bills as necessary, or cover the cost of an auction or bid process to dispose of such property.

014 Maintenance Person **\$ 7,000**

Budget includes 10 hours per week for projects, maintenance and cleaning at Town Hall, and other maintenance and projects as needed. (Position at 3/18 on new matrix \$14.88/hour).

015 Historical Society Building **\$ 500**

This is the old building at 282 Main Street – inspection of fire extinguishers; general repairs

025 Highway Shed Electric **\$ 600**

Includes outside light and minimal usage within building. Average cost is \$52 per month.

099 Siren Electricity **\$ 240**

Meter charge for fire siren on water tower \$20/month.

101 Safety Complex - Emergency Light Meter **\$ 120**

Blinking safety lights on Route 107 to announce emergency vehicles entering the roadway. Cost is \$10 per month meter charge.

102 Safety Complex - Electricity **\$ 11,500**

Average \$955/month.

103 Safety Complex - Oil & Furnace **\$ 10,000**

Includes oil for building; and service on oil burners. Bid price for oil at \$2.99/gallon, average 3,100 gallons per year is annual usage.

105 Safety Complex - Building Maintenance **\$11,000**

Inspection of fire extinguishers, cleaning and supplies; light bulbs & emergency lighting (many different varieties); service AC units and purchase new filters \$400; cleaning supplies and consumables \$4,000; grass seed; pump holding tank \$360; fire/security alarm monitoring \$25/month; inspections of pressure vessels 3 @ \$25/each; annual sprinkler system maintenance \$1,500; allowance for sprinkler repairs \$500; water system salt \$1,000; rug service \$49/bi-weekly; paint & general maintenance and upkeep.

300 Computer Tech Services **\$ 2,000**

Budget for technical assistance and maintenance of the Town Hall computer systems, including individual desk tops and the Vision system network. Kohlhofer asked about having a warrant for computer money to be put aside for updating computers. Carlson thought she may put an RFP out for services and go from there.

4723 INTEREST ON TAX ANTICIPATION NOTES

001 Interest Payments **\$50,000**

Based on borrowing history and estimated rates. Amount depends on tax payments and cash flow. Historically, we had borrowed \$800,000 for the years 1994-2002 at rates ranging from 4% to 6% interest. In 2002 a record amount of \$1,500,000 was borrowed; in 2003 \$2,000,000 needed in anticipation of taxes. Treasurer went to a line of credit format in 2004 and has been using it ever since. This results in lower interest payments due to flexibility in when money is borrowed. We have reduced the interest figure to account for this, but continue to expect an increase in interest rates from what they have been. Borrowing in 2006 hit \$3,000,000 at interest rates ranging from 4.1% to 4.4%. Our interest paid was \$27,582.75 on December 1, 2006.

The 2007 budget was based on an estimated \$3,500,000 borrowing at 5.75%. Line of credit format allows us to borrow only the exact amount we need at the time we need it, saving interest (versus borrowing the entire amount in May or June and paying a full six months interest). Interest paid for 2007 totaled \$31,457.97.

The 2008 budget was \$33,000 and was based on an estimated \$3,500,000 borrowing. Actual notes in 2008 included an initial line of credit in the amount of \$3,575,000 at 2.31%, second borrowing of \$600,000 for approximately two months, at 3.97%.

Treasurer suggests for 2009 budgeting for 4% interest on \$4,000,000 LOC. It is unknown at exactly what intervals the money needs to be borrowed (on a line of credit, we borrow only as much as needed to make payments).

The Selectmen have decided to budget sufficiently to account for some reduction in the amount of taxes paid in a timely fashion, as well as to account for the potentially volatile interest market. The Treasurer is trying to figure the interest for this year. Nygren asked if the Selectmen are contemplating a warrant article for billing taxes twice a year. McElroy thinks there is a savings in doing this.

Carlson also started a draft warrant for the Budget Committee to review and for their input and suggestions.

A motion to approve the minutes of the November 5, 2008 meeting was made by Kohlhofer with one typing correction on page one, seconded by McElroy. The vote was unanimously approved 7-0.

With no further issues to address, a motion was made to adjourn the meeting by Kohlhofer, seconded by Nygren.

The meeting adjourned at 9:45 PM.

Respectfully submitted by,

Jeanne Nygren
Recording Secretary